

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2019-224-E
DOCKET NO. 2019-225-E

In the Matter of:)	DUKE ENERGY CAROLINAS,
)	LLC’S AND DUKE ENERGY
South Carolina Energy Freedom Act)	PROGRESS, LLC’S MOTION TO
(House Bill 3659) Proceeding Related to)	HOLD IRP UPDATE
S.C. Code Ann. Section 58-37-40 and)	REQUIREMENT IN ABEYANCE
Integrated Resource Plans for Duke)	AND REQUEST FOR LIMITED
Energy Carolinas, LLC and Duke Energy)	CLARIFICATION OF ORDER NO.
Progress, LLC)	2021-447

Pursuant to S.C. Code Ann. Sections 58-27-2150, 58-37-40(d), and S.C. Code Ann. Regs. Sections 103-825 & 103-830 Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (together, the “Companies”), by and through counsel, respectfully move the Public Service Commission of South Carolina (the “Commission”) to hold in abeyance the Companies’ obligation to file an annual update to their 2020 integrated resource plans (“IRPs”) until after the Commission issues an order regarding the Companies’ modified IRPs. Such an abeyance is both (1) consistent with the approach taken by the Commission with respect to Dominion Energy South Carolina’s (“DESC”) obligation to file its annual IRP update while modifications to its 2020 IRP were still pending before the Commission; and (2) necessary because it would be impractical, if not virtually impossible, for the Companies to prepare both modified IRPs as directed in Order No. 2021-447 *and* 2021 IRP updates in the next two months. The Companies also seek a clarification of Order No. 2021-447 to reconcile a discrepancy in the Order and to confirm that the Companies are directed to conduct a minimax regret analysis for inclusion in their future integrated resource plan (“IRP”) filings using the methodology set forth by Office of Regulatory Staff

(“ORS”) Witness Lane Kollen rather than Carolinas Clean Energy Business Association (“CCEBA”) Witness Kevin Lucas.

In support of this Motion, the Companies state the following:

I. Request to Hold in Abeyance the Companies’ Obligation to File their Annual IRP Update

The Commission issued Order No. 2021-447 on June 28, 2021, directing the Companies to file modified IRPs consistent with the directives in the Order. Pursuant to Section 58-37-40(C)(3), the Companies’ must file their modified IRPs within sixty (60) days of the date that the Commission issued Order No. 2021-447. In other words, the Companies are required to file modified IRPs by August 27, 2021. Order No. 2021-447 directed the Companies to incorporate a considerable number of changes into their modified IRPs, and the Companies are working diligently to conduct analyses, adjust modeling inputs and update assumptions, and to otherwise address the Commission’s findings and conclusions presented in the Order.

Section 58-37-40(D)(1) also requires a utility to “submit annual updates to its integrated resource plan to the Commission.” While the statute does not mandate that the update be filed on the 365th day after filing of a comprehensive IRP, DEC/DEP Witness Glen Snider testified that the Companies planned to file their 2021 IRP updates on or about September 1, 2021—approximately one year after the September 1, 2020 initial filing of the Companies’ 2020 comprehensive IRP.¹

Preparing annual IRP update filings is a time-intensive task, requiring the Companies to update numerous inputs and assumptions relied upon in the underlying IRP. The process requires

¹ The Companies chose the target of September 1 for the annual IRP update to align the timing of the South Carolina IRP update with the requirements of North Carolina’s IRP Rule, N.C.U.C. Rule R8-60(h). However, the North Carolina Utilities Commission recently waived the requirement for DEC and DEP to file 2021 IRP updates. *See Order Waiving in Part Rule R8-60(h)(2) and Giving Notice of Additional Proceedings*, N.C.U.C. Docket No. E-100 Sub 165 (June 29, 2021). Accordingly, filing updates to the 2020 IRPs is now solely a South Carolina requirement, in which the Commission has flexibility to accommodate the timing requested in this Motion that would allow the Companies to complete the Commission-ordered modifications to the 2020 IRPs first.

an IRP to be complete before it is updated. It would be nearly impossible and unduly burdensome for the Companies to conduct the comprehensive analyses and modeling adjustments necessary to complete the significant work required to file *both* the modified 2020 IRPs and the IRP update within the next 60 days. Even attempting to do so ignores that in order to update an IRP, that IRP first needs to be complete.

Filing IRP updates prior to the Commission entering an order approving the still-pending comprehensive IRPs would also be impractical and of limited utility because the updates would not reflect the final approved IRPs. The procedural requirements of Section 58-37-40(C)(3) provide that the South Carolina Office of Regulatory Staff (“ORS”) must review the modified IRPs and submit a report to the Commission assessing the sufficiency of the revised IRPs within 60 days of their filing and the Commission then must act on the modified IRPs within 60 days of ORS filing its report. Recognizing that the Companies must file modified IRPs on August 27, 2021, filing the IRP updates on September 1, 2021, as initially planned, would not reflect the Companies’ modified IRPs or final approved IRPs.

The Commission similarly held DESC’s 2021 IRP update in abeyance in the 2020 DESC IRP proceeding. In Order No. 2020-832 rejecting DESC’s 2020 IRP, the Commission ordered that DESC’s 2021 IRP update should be held in abeyance and that a new filing date for DESC’s next IRP update would be set by the Commission following the Commission’s final approval of the 2020 IRP.² The Companies respectfully request that the Commission grant DEC and DEP the

² South Carolina Energy Freedom Act (House Bill 3659) Proceeding Related to S.C. Code Ann. Section. 58-37-40 and Integrated Resource Plans for Dominion Energy South Carolina, Inc., Docket No. 2019-226-E, Order No. 2021-832, at 89 (“The currently scheduled filing dates for Dominion’s 2021 IRP Update is held in abeyance and a new filing date for Dominion’s next IRP Update shall be set by the Commission following the Commission’s final approval of the 2020 IRP.”). The Commission’s recent June 18, 2021 Order accepting DESC’s modified IRP instructed that “DESC shall file its 2021 IRP Update within sixty (60) days from the date of the issuance of this Order.” Order No. 2021-429.

same relief in these proceedings as recently provided in the DESC IRP proceeding while the Companies are developing their modified IRPs.

Based on the foregoing and consistent with the relief granted to DESC, the Companies respectfully request that the Commission hold DEC's and DEP's respective obligations to file 2021 IRP updates in abeyance until the Commission reviews and approves the Companies' modified IRPs and for the Commission to set a new filing date for DEC's and DEP's next IRP update in a future final order approving Companies' modified IRPs.

II. Clarification Regarding Appropriate Minimax Regret Analysis Methodology

Order No. 2021-447 directs the Companies to include a minimax regret analysis in future IRP filings to compare the risk of each portfolio presented in the IRPs. The Commission's discussion of the facts and explanation of its conclusions clearly instruct the Companies to adopt the methodology proposed by ORS Witness Kollen, finding ORS Witness Kollen's approach to this analysis more reasonable than CCEBA Witness Lucas' approach. However, the Commission appears to have inadvertently replaced Witness Kollen's name with that of CCEBA Witness Lucas in the corresponding Ordering Paragraph. Accordingly, the Companies are seeking clarification, to confirm that the Commission intended to instruct the Companies to use Witness Kollen's proposed methodology as discussed in the Order.

More specifically, Finding of Fact No. 19, as well as the supporting discussion and conclusions, each find that the Companies should "use the minimax regret analysis methodology used and described by ORS Witness Kollen in his direct and rebuttal testimony." Order No. 2021-447, at 19, 82-84. In so finding, the Commission acknowledged that "CCEBA Witness Lucas and ORS Witness Kollen each performed a slightly different variation of the minimax regret analysis[.]" but found that "the analysis methodology used by ORS Witness Kollen is more appropriate and should be used by Duke." Notwithstanding this clear conclusion, Ordering

Paragraph No. 19 directs the Companies to use the methodology proposed by CCEBA Witness Lucas. *Id.* at 89.

As the Commission noted, there are some minor, but key differences in the methodologies used by Witnesses Kollen and Lucas. For example, Witness Kollen defines “regret” as representing “the PVRR amount by which each Portfolio exceeds the lowest cost Portfolio in each fuel cost and CO₂ price case” with the maximum regret being the most a portfolio varies from the lowest cost option in that specific scenario.³ In contrast, Witness Lucas measures maximum regret as the “difference between a portfolio’s highest PVRR and the lowest PVRR of all the scenarios.”⁴ DEC/DEP Witness Snider explained in his rebuttal testimony that this definitional difference leads Witnesses Kollen and Lucas to rank the portfolios differently with respect to minimizing risk. In response to the testimony of Witnesses Lucas and Kollen, Witness Snider testified that the Companies planned to adopt a minimax regret analysis to quantify risk of economic analysis results in future IRPs based on the methodology proposed by Witness Kollen.⁵

For all of these reasons, the Companies believe that the record and the Commission’s own analysis of the evidence and conclusions support a finding that the Companies should conduct the minimax regret analysis using the methodology proposed by Witness Kollen and respectfully ask the Commission to confirm that the reference to CCEBA Witness Lucas in Ordering Paragraph No. 19 was in error.

III. Conclusion

WHEREFORE, for all of the foregoing reasons, DEC and DEP respectfully request that the Commission grant their Motion and enter an order (1) holding in abeyance the Companies’

³ Tr. Vol. 4, p.965.9.

⁴ Tr. Vol. 2, p. 201.29.

⁵ Tr. Vol. 6, p.1586.148.

obligation to file IRP Updates until the Commission issues an order approving the Companies' modified IRPs; and (2) confirm that the Companies should implement the methodology used by ORS Witness Kollen, when conducting a minimax regret analysis.

Respectfully submitted, this the 8th day of July, 2021.

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